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PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR NIGERIA

Programme period	Resources	$
1992-1996	Net IPF	123 993 000
	Estimated cost-sharing	1 800 000
	Total	125 793 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES	1 - 7	2
	A. Current socio-economic situation	1 - 5	2
	B. National development objectives and strategies ...	6 - 7	3
II.	EXTERNAL COOPERATION	8 - 11	4
	A. Role of external cooperation	8	4
	B. Aid coordination arrangements	9 - 11	5
III.	THE COUNTRY PROGRAMME	12 - 53	5
	A. Assessment of ongoing country programme	12 - 15	5
	B. Proposals for UNDP cooperation	16 - 48	7
	C. Assistance outside main country programme areas ..	49	18
	D. Implementation and management arrangements	50 - 53	18
	Annexes		
I.	Financial summary		20
II.	Programme matrix		22

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Nigeria is the most populous country in Africa and richly endowed with human and natural resources. The country remains, nevertheless, heavily dependent on foreign trade, given the dominance of oil revenues (93 per cent of export earnings and almost 82 per cent of public revenue in 1990), the dependence of the country's industrial structure on imports and inadequacy of the domestic supply of food and raw materials. Following the collapse of oil prices world wide in the early 1980s, the country found itself in serious difficulty and is still in the process of socio-economic recovery and restructuring to counter the effects of prolonged recession and resultant decline in the living standards of the majority of its estimated 110 million people.

2. Gross domestic product (GDP) per capita declined from around $1,000 in 1980 to $250 at present, ranking Nigeria among the low-income countries. Despite progress in the areas of primary health care (PHC) and family planning, and the adoption of a population policy in 1989, annual population growth remains high at around 3.2 per cent. The most recent demographic data show that life expectancy stands at 51 years, infant mortality at 105 per 1,000 live births, male/female adult literacy at a ratio of 54/31, and primary school enrolment at 62 per cent with a male/female ratio of 100/82. Access to safe water is restricted to 48 per cent and health service to 46 per cent of the population. A national census was held in November 1991, with initial results expected by April 1992.

3. The Government has implemented a Structural Adjustment Programme (SAP) since 1986 to redress internal and external imbalances through fiscal, monetary and price policy reforms, as well as through liberalization and deregulation measures. These measures, together with reform of the financial and banking sector and capital market development, have been reinforced by wide-ranging adjustments in respect of the public sector, including public service reform, privatization and commercialization of services and assets, and rationalization of public investments. Special purpose agencies have been established for, inter alia, rural and infrastructure development, rural women, youth and employment, social awareness and mass mobilization, environmental protection and drug abuse control. In addition, the Government has introduced a variety of incentive schemes for private sector development, trade and investment promotion. A political transition programme has been initiated by the Government aimed at reinstating civilian rule by means of participatory politics throughout the federal system. The number of local government areas and states has been increased to 503 and 30 respectively, and elections have been held at both levels. Federal and presidential elections are scheduled for late 1992.

4. The socio-economic, institutional and political reform measures will necessarily have a longer-term impact. Nevertheless, there are signs of recovery as evidenced by the turn-around of GDP-growth, at 1984 constant factor costs, from an average of negative 3.6 per cent during 1982-1984 to a plus 2.6 per cent during 1985-1987 and about 5.2 per cent for the 1988-1990 period. Investment growth has recovered from negative 10.5 per cent during 1984-1986 to a plus 4.4 per cent during 1988-1989. The depreciation of the naira has induced a reversal of the terms of trade in favour of exports and utilization of local products. This has contributed to arresting the decline in agricultural production, increased utilization of local industrial raw materials and export growth. Manufacturing has also recovered with a 6.1 per cent growth in 1991, although utilization of full capacity remains below 40 per cent. Trade and services have shown rapid expansion.

5. Sustainability of these achievements is hampered by structural constraints, including limitations in management, skills and technology capacity; lack of productive diversity; and weak intersectoral linkages. Limited labour absorption, infrastructural deficiencies, environmental impact, increased cost of imports and low level of effective demand also present serious problems. Control of the fiscal deficit is essential in view of its repercussions on the interest rate (currently over 20 per cent, following the recent deregulation) and inflation (19.2 per cent in 1991) and thus on private sector investment and employment. External debt remains high at $33.4 billion in 1991, notwithstanding international debt rescheduling and other measures. Further concessional debt relief is required, since its servicing remains in excess of the 30 per cent ceiling of export receipts intended by the Government, while absorbing more than 60 per cent of public expenditure. This continues to severely affect the balance of payments which, despite a turn-around in the current account, has come to show an overall negative balance.

B. National development objectives and strategies

6. The Federal Government has continually stressed its commitment to the emergence of a market-oriented economy in support of accelerated growth and diversification and towards achieving the long-term goals of human and sustainable development. This strategy underlies the three-year National Rolling Plan (NRP), which was introduced in 1990 as a more flexible framework for planning than the earlier five-year fixed-term plans. The current NRP (1992-1994) aims at an annual growth rate of 5.98 per cent with capital investment requirements amounting to naira 171.4 billion divided as follows: public sector, 44.9 per cent; joint ventures, 17.5 per cent; private sector, 34.7 per cent; and external loans, 2.9 per cent. In conformity with SAP, the plan aims at reducing public expenditures, stimulating private sector investment and socio-economic diversification, strengthening infrastructure, protecting the environment, stabilizing population growth and reducing unemployment. Emphasis is on completing viable, ongoing projects in priority sectors including agriculture, manufacturing, mining and quarrying, power and

administration. The implementation of NRP will be guided by a 20-year Perspective Plan for which preparations have started, including broad-based national consultations to foster consensus on a longer-term, socio-economic strategy.

7. As indicated in the 1991-1993 plan, and further to the recommendations of the Consultative Group on Nigeria, the Government has taken several initiatives to ensure optimal and integrated utilization of external cooperation for achieving the priority goals of NRP. These initiatives, including a comprehensive needs assessment and start up of national technical cooperation assessment and programmes (NATCAP) and Management Development Programme (MDP), will result in a policy and administrative framework and improved capacity for managing external cooperation as part of the national planning and budgeting process.

II. EXTERNAL COOPERATION

A. Role of external cooperation

8. Nigeria has not been a major recipient of external aid. At the time of the oil boom, the country could finance most of its development programmes, including externally required expertise. With the increasing resource gap, mounting debt burden and declining levels of human and social investment, the Government has come to fully appreciate the potential of external cooperation, particularly technical cooperation for human resources development and capacity building. Following the introduction of SAP, Official Development Assistance (ODA) resources steadily increased from $59 million in 1986 and $69 million in 1987 to $120 million in 1988 and $339 million in 1989. Based on Government/UNDP data, total external assistance to Nigeria is estimated at $415 million for 1988, with technical cooperation amounting to $70.9 million of which 47 per cent came from seven major multilateral agencies, 50 per cent from nine major bilateral donors and 3 per cent from non-governmental organizations (NGOs). Of this total the United Nations development system accounted for 15.6 per cent and UNDP for 7.6 per cent. The largest bilateral donors are Japan, the United States of America and the United Kingdom. The largest multilateral agency remains the World Bank. External assistance has been utilized for balance of payments and domestic stabilization support, and for the provision of support to social and economic infrastructures in order to increase productivity in key sectors. Technical cooperation in 1988 concentrated on health, 27.8 per cent; education, 20.5 per cent; and agriculture, 19.3 per cent. The remainder was allocated to community/rural development, industry, public administration, and other sectors.

B. Aid coordination arrangements

9. The Federal Ministry of Finance has the statutory responsibility for external cooperation management and provides the overall policy framework. The Federal Ministry of External Affairs leads negotiations with donor agencies and foreign Governments, and the Federal Ministry of Justice oversees the legal aspects of external cooperation. Other federal ministries have operational responsibility in the implementation of cooperation activities. At the state level the ministries of finance coordinate donor support activities, while for the local government areas more definite arrangements are being designed.

10. In addition to the Consultative Group process, the Government, supported by UNDP, pursues donor consultation through in-country meetings held on a quarterly basis. As regards the United Nations development system, the Resident Coordinator provides leadership aimed at achieving internal consistency of operational activities. To further strengthen this process, and in compliance with General Assembly resolution 44/211 and Governing Council decision 90/34, an interministerial task force comprising 10 federal ministries was established by the Government in December 1990. Consultative meetings have been held with the United Nations development system resulting in several UNDP supported initiatives. A Programme Management Support Unit was created within the Federal Ministry of Finance to strengthen the ministry's capacity for external aid management and to mobilize and administer nationally available technical services. It is staffed entirely by national professionals and supported by UNDP with government cost-sharing. The Unit currently coordinates the implementation of NATCAP, MDP and technical cooperation among developing countries (TCDC), and is establishing computerized databases on external cooperation and nationally available experts. The Unit has also been instrumental in conducting 10 national workshops on aid coordination and management issues, which brought together policy makers, donors and end-users from both the public and private sectors.

11. On a pilot basis, Government conducted a Multi-Sectoral Needs Assessment (MSNA) in 1991 to determine development needs and cooperation requirements. Desk studies and field surveys covering all states were conducted by a multi-disciplinary team of government officials and national consultants, assisted by sectoral specialists from 11 United Nations system organizations. MSNA offers a first comprehensive assessment of technical cooperation and related requirements which will be presented to the donor community in April 1992.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

12. The third country programme (1987-1991) was the subject of a mid-term review in May 1990, the outcome of which was reviewed by the Governing Council in February 1991. While the thrust of the programme was considered valid, structural deficiencies in implementation remain: inadequate project design;

considerable delays in the appraisal and approval process; lengthy recruitment and procurement procedures by executing agencies; and delays in the provision of counterpart facilities, aggravated by the poor quality of some goods and services as delivered.

13. Delays in implementation involving all partners have been addressed following the mid-term review particularly by the establishment of the Programme Management Support Unit and the strengthening of project monitoring through more regular consultation between the Government, UNDP and the executing agencies concerned. An increased number of on-site project inspections and national sensitization workshops on technical cooperation management and coordination have also taken place. These measures have also helped to clarify both the concept of project "ownership" as well as the duties and responsibilities of all participants within the tripartite structure. As a result, commitments have steadily increased, with delivery for 1987-1991 expected to amount to nearly $39 million or 90.6 per cent of available indicative planning figure (IPF) resources.

14. The programme was most successful in respect of human resources development. A well focused example is the labour based Public Works Programme, which features both forward and backward linkages while allowing effective grass-roots participation with a tangible impact on women in development (WID). This contrasts with most of the projects in the agricultural sector, which have tended to operate in isolation and have suffered from recurrent changes or lack of counterpart staff and facilities. The industrial/technology component is beginning to have an impact on indigenous raw material utilization, the development of small- and medium-size industries and local technology development. In the area of public sector management, support to national and sectoral data banks, assistance in training and the preparation of a National Perspective Plan are making an important contribution. Support to private sector development has proved to have catalytic effect in focusing attention and resources on activities performed by the Nigerian Stock Exchange and the Technical Committee on Privatization and Commercialization, which to date has generated assets estimated at naira 120.9 million. The WID component has steadily increased throughout most projects, in addition to four specific WID projects. One of these is a salt-processing project which assists some 3,000 women to produce and market salt. The use of TCDC has been intensified for tapping the experience of other developing countries. Based on specific comparative advantages, and allowing for cost effectiveness, special relevance of development inputs and speedy delivery, TCDC is being utilized not only as a source but also as a modality for mobilizing and planning technical services.

15. The Government has become fully aware of the need to strengthen national participation at all stages of development cooperation, and has opted selectively for national execution, so far applied to two projects with a total UNDP contribution of $4 million. In the same vein, the Government has come to recognize the advantages of a programme approach, which will also counter the current programme fragmentation and resultant micro-management burden.

B. Proposals for UNDP cooperation

1. Preparatory process

16. Besides the lessons learned from the current country programme and consultations on the UNDP advisory note, the preparation of the fourth country programme has benefited from several initiatives, particularly MSNA. The methodology employed for this exercise entailed decentralized identification and clustering of development needs, guided by the priorities of the NRP and the special capacity-building themes advocated by UNDP. The exercise has resulted in 12 cross-sectoral programmes for technical cooperation estimated at $1.3 billion for a five-year period including: macroeconomic and aid management; data and information systems; institution building; environmental management; export promotion; technology development and adaptation; education and management development; agriculture and rural development; cooperatives; informal sector and small-scale enterprise development; women in development; health and population policies.

17. This initial framework for coordinated programming of donor cooperation will be further elaborated through the NATCAP process, which has so far resulted in a technical cooperation policy framework paper. The paper has been endorsed by the Government and the donor community, and a definitive technical cooperation programme and operational strategy for technical cooperation planning are being finalized. This will be reinforced by the MDP in support of organizational and human resource requirements for technical cooperation management as a first phase in strengthening overall public sector performance. Activities under the MDP began with a survey of management problems at the federal and states levels, including parastatals, and a review of the administrative and procedural practices of major development partners in the country. MSNA, NATCAP and MDP are government-led exercises supported by UNDP and specialized agencies of the United Nations system.

2. Strategy for UNDP cooperation

18. The Government intends to benefit from the recognized comparative advantages of UNDP cooperation in support of the ongoing national transition programme in three interrelated ways:

(a) UNDP's thematic focus on the priority themes as described in Governing Council decision 90/34 and national development priorities are compatible and provide a sound basis for increased dialogue on the perspective of the national development process by incorporating UNDP-advocated strategies regarding human and long-term sustainable development;

(b) UNDP's experience and competence in the areas of NATCAP and MDP are recognized by both the Government and the donor community. These UNDP initiatives will be pursued by conducting baseline programming studies to strengthen the effectiveness of national priority programmes; and

(c) More selective and concentrated use of UNDP implementation support and the application of a programme approach in support of national programmes will be introduced. This is to be achieved by focusing on key programme components related to capacity building and the transfer of management and technical skills and technology, and, where possible, in support of mobilizing additional national and donor resources for both technical cooperation and capital requirements.

19. This strategy will enhance integrated use of all available resources administered by UNDP including the United Nations Fund for Science and Technology for Development (UNFSTD), the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE), the United Nations Sudano-Sahelian Office (UNSO), the Global Environment Facility (GEF), the United Nations Development Fund for Women (UNIFEM) and the inter-country programme, as well as the utilization of the successor arrangements to agency support costs. Likewise, it will allow for the concerted use of such special implementation modalities as United Nations International Short-Term Advisory Resources (UNISTAR), TCDC and the Transfer of Knowledge through Expatriate Nationals (TOKTEN) for some of which initiatives are under way. In the same vein Government intends to incorporate such global appeals and strategies as Education for All, the World Summit for Children, the United Nations Conference on Environment and Development (UNCED) and the World Health Organization (WHO)/UNDP Alliance on HIV/AIDS (human immune deficiency virus/acquired immune deficiency syndrome).

3. Proposed UNDP cooperation in selected areas of concentration

20. Based on the considerations described above and on the results of MSNA, the Government has selected the following three areas of concentration and eight interrelated programme components for UNDP cooperation. The programme areas contained in the country programme are a synthesis of the development needs and capacity constraints as identified by MSNA, based on the main objectives of the NRP envisaged for UNDP cooperation, and the capacity-building themes as advocated by UNDP. The selection of programme areas thus obtained has been further prioritized in the light of the UNDP focus on human development. Furthermore, the need for concentrating UNDP cooperation led to the exclusion of several areas (e.g. heavy industry, communication and transport) which require predominantly capital assistance, and for which the Government has obtained or is pursuing cooperation from different sources. UNDP cooperation will be further elaborated through programming studies to be undertaken by the Government, with UNDP support, active participation of national centres of excellence and United Nations specialized agencies. These studies will improve the effectiveness of national programmes and define execution responsibilities and cooperation arrangements.

(a) Socio-economic management and sustainable development

21. The transition process to a market-oriented economy and democratic society can be effective only through broadly based socio-economic participation and by building a national consensus on the long-term goals of human and sustainable development. UNDP support is being requested for enhancing key policy and management capacities to meet the new challenges facing socio-economic and environmental management and for strengthening the Government's capacity to manage external resources as part of the national planning and budgeting process.

(i) Socio-economic policy, planning and administration

22. The Government has made far-reaching socio-economic policy reforms and adjusted the framework for national planning to incorporate such emerging priorities and concerns for human development as those related to the private sector, grass-roots development, WID, population and the environment. The Government has continued to pursue rationalization of the public service aimed at streamlining its structure and functions and reorienting its operations. Recent measures include reducing the number of federal ministries and commissions. The number of state ministries and supervisory entities in local government areas will also be reduced. In addition, further measures to enhance the ongoing privatization and commercialization exercise will be introduced. This will place greater demands on coordinating sectoral and regional policies and planning as well as on national resource allocation and budget control. The Government, however, continues to experience weaknesses in managerial, technical and operational capacity which hamper the effectiveness and impact of macroeconomic planning and policy implementation.

23. Ongoing UNDP cooperation includes training in economic planning at the federal and state levels, establishment of databases for socio-economic policy preparation and decision-making and assistance to perspective planning and economic modeling. Several national centres of excellence are involved in UNDP-supported programmes, and further opportunities will be explored. Policy areas that will be further assessed and which may require UNDP support include the foreign currency allocation system, interest rate management and review of the budget allocation and control mechanisms. To supplement a proposed World Bank-supported project in computerization of statistical data processing, UNDP is requested to assist the Government in a review of the national statistical system, including the establishment of a coherent institutional framework for coordinating and consolidating the various data banks. Beginning with the management of external resources, a comprehensive proposal to strengthen public expenditure management will be implemented over a 10 to 15-year period using IPF and MDP resources. Additional support is required for further reform and decentralization and to strengthen the Civil Service Commission. In a follow-up to the Government's measures on external debt, UNDP cooperation is requested for debt monitoring and for strengthening the technical and management capabilities of the national financial and monetary authorities. This will supplement the cooperation extended by the World Bank and the Commonwealth Fund for Technical Cooperation.

24. In view of the sensitive nature of this priority area and the effectiveness of UNDP's current support, the Government wishes to meet the $13.5 million estimated technical cooperation requirements included in the MSNA report with an IPF contribution of $10.7 million. This will be in addition to ongoing assistance from other donors and to ongoing IPF commitments of $2.8 million against the 1992-1996 cycle. UNDP is also requested to facilitate the use of such special modalities as technical cooperation among developing countries (TCDC), the United Nations International Short-Term Advisory Resources (UNISTAR), the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and relevant regional projects which will be determined during the actual programming stage.

(ii) Technical cooperation programming and management

25. The Government intends to consolidate the initiatives taken so far for maximizing the benefits of technical cooperation in meeting capacity constraints and strengthening aid mobilization and coordination (see paras. 9-11 above). MSNA has provided a major initial input of needs assessment to the NATCAP process. NATCAP has produced a technical cooperation policy framework. This will be further enhanced by the proposed MDP for designing effective aid coordination mechanisms and by the integration of external resources management into national planning, through the strengthening of organizational and procedural structures, support systems and human resources development. The initial focus will be on the external cooperation management functions and practices of core coordinating ministries and on the implementation of improved methods on a pilot basis in selected ministries and commissions.

26. In accordance with NATCAP and the outcome of the 1991 interministerial dialogue, the further definition of a technical cooperation policy and organizational framework will be accompanied by the elaboration of technical cooperation programmes and implementation modalities in support of national programmes in the identified priority areas. Such programmes and modalities will be geared towards identifying and resolving human, institutional and operational capacity constraints and contain built-in strategies for national execution and integrated utilization of donor resources. Technical cooperation programming will, therefore, become an integral part of national planning and budgeting, as well as a component of the long-term Perspective Plan. Baseline programming studies will be undertaken in order to address constraints pertaining to national programmes, to identify all available national and international resources, and to enable effective monitoring and assessment of impact. Participation by all relevant implementing and beneficiary parties will be required throughout the entire programming and implementation process. This approach will also assist in further focusing UNDP implementation support and aid coordination, as well as the development of well structured programme support mechanisms. UNDP cooperation will be sought for assessing further support functions of the Programme Management Support Unit in the Federal Ministry of Finance and for setting the longer-term strategy for national execution. Specific training for key officials and beneficiaries will need to be conducted during the programme development stage.

27. The Government intends to start technical cooperation programming in the selected concentration areas in the country programme, which is considered a strategic framework. In order to meet the requirements for aid coordination and capacity building as reflected in the MSNA ($13 million), the Government will supplement the funds provided from Special Programme Resources (SPR) for NATCAP and MDP ($2.4 million) with an IPF allocation of $10.5 million. This will be in addition to ongoing commitments of $100,000. This allocation may be revised depending on the utilization of other available funds (including the Project Development Facility (PDF), Technical Support Services and funds from the regular programmes of United Nations specialized agencies).

(iii) Environment and natural resources management

28. Environmental management in Nigeria covers a broad spectrum including hazards of recurrent floods and desertification, effects of economic activity and urbanization with respect to pollution, and the adverse effects of natural resources exploitation. In recognition of the cross-sectoral nature of planning, management and monitoring of the use of natural resources and the environment, the Government established the Federal Environmental Protection Agency (FEPA) in 1988. More recently, the Government has adopted a national policy on the environment and has set up the Natural Resources Conservation Council under FEPA. It has also established an ecological fund with financing provided by a levy of 1 per cent of the proceeds of crude oil sales. State environmental councils and boards are being established. A national committee at FEPA is coordinating the preparation of a national report for the UNCED "Earth Summit" in June 1992. An environmental assessment was undertaken by the World Bank, and negotiations for a $25 million International Development Association (IDA) credit for environmental management are at an advanced stage. Supplementary contributions are expected from the United Kingdom ($5.7 million), the European Economic Community ($1 million), the Montreal Protocol Interim Fund ($200,000) and UNDP ($3 million). One national and one subregional proposal are being considered for GEF funding.

29. Government requests UNDP support for capacity development and training in support of FEPA and associated agencies, the preparation of the technical cooperation component of the national environment management plan and the development of state action plans. UNDP cooperation will thus contribute to the harmonization of environmental management for programming, mobilization and integration of external resources as part of national planning, especially in those areas as identified in the NRP and confirmed by MSNA. The priority areas include: pollution control and waste management; flood control and soil erosion; institutional capacity building and manpower development; natural resources development and management; urban and rural development planning; mineral resources exploitation and management; and database development and management. This will require realignment of several ongoing or pipeline activities supported by UNDP, in respect of water and sanitation, database and early warning systems.

30. In view of the total technical cooperation requirements estimated by MSNA at $155.9 million, UNDP is requested to assist in mobilizing advisory services and possible funding from the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO), UNSO, UNFSTD/UNRFNRE and GEF to supplement a $5 million IPF allocation for capacity building and the preparation of technical cooperation programming and coordination components of the environmental management plan.

(b) Private sector support

31. Despite the improved business climate in Nigeria, the private sector is faced with multiple constraints at both the national and international level. At such recent international forums as meetings of the Organization for African Unity (OAU) and the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD), Nigeria has advocated that domestic reform for economic recovery is not sufficient without addressing restrictions to external trade flows, commodity prices, the debt burden and the inadequacy of current resources inflows and technological transfer. UNDP support is requested for initiatives at the national level with supplementary support under the UNDP regional programme for Africa.

(i) Trade, investment and tourism promotion

32. Following the introduction of SAP in 1986, the Government adopted a New Industrial Policy in 1989 and pursued several additional initiatives aimed at promoting domestic and foreign private investment, diversifying sources of foreign exchange earnings, encouraging productive efficiency and greater utilization of local raw materials. The Government has adjusted its fiscal, monetary, financial and exchange rate policies to help create an enabling environment for private sector investment growth. Further administrative deregulations and privatization of public enterprises are being undertaken to allow for a greater role of the market in mobilizing and allocating investible resources. These policies have been reinforced by specific schemes for the rehabilitation and development of the external trade sector. Recent initiatives pertaining to the export incentive programme include the duty drawback scheme, the export expansion grant, the export development fund and export publicity programmes at home and abroad. In support of regional trade, the 1992 budget provides for a four-year programme for eliminating customs duties on selected manufactured goods in Economic Community of West African States (ECOWAS) and the expansion of the ECOWAS trade and liberation scheme. Preparatory arrangements for the establishment of export processing zones have been accomplished with UNDP assistance. A draft national programme for strengthening the external trade sector was prepared with the assistance of UNDP, the Food and Agriculture Organization of the United Nations (FAO), the International Trade Centre (ITC), the United Nations Conference on Trade and Development (UNCTAD) and UNIDO. UNDP and UNIDO support have also been used for the organization of an international investors' forum and the establishment of a technical committee on privatization and commercialization. In order to reap the potentials of the tourism sector, the

Government has utilized UNDP and World Tourism Organization (WTO) support for developing a tourism strategy plan.

33. Continued UNDP cooperation is envisaged to address the policy and regulatory framework for trade and investment promotion and to enhance private sector operations. Elements to be considered include the harmonization of relevant macroeconomic policies, industrial promotion strategies, strengthening of the industrial data bank, updating of the industrial code and budgetary framework, external trade policies and strategies for regional trade promotion, strengthening investment regulation, rationalization of protection measures, and an implementation scheme for tourism development. This cooperation will result in strengthening the capacity of national institutions for export promotion of traditional products and selective product development in support of substituting domestic production for imports. In pursuit of rationalization of international markets, cooperation from UNDP and the United Nations development system will enhance efficiency and cost-effectiveness of operations and modalities in the international trade sector, including streamlining of operational procedures and techniques to facilitate the needs of the private sector for trade expansion. A special UNDP/UNCTAD supported study will assist the Government in reviewing the impact of trade measures on the environment and the effects of environmental protection on trade. The overall support programme will incorporate ongoing and planned activities of UNDP and other United Nations system agencies, as well as such special implementation modalities as UNISTAR and TCDC. Linkages with regional projects (including the African Management Services Company (AMSCO) and the African Regional Centre for Engineering Design and Manufacturing (ARCEDEM) and strengthening of ECOWAS trade) will also be established. Programme design and implementation will be undertaken in active collaboration with such private sector organizations as the Nigerian Export Promotion Council, the National Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), the Manufacturers Association of Nigeria, and private associations.

34. Depending on the outcome of further specification of programmes and projects, the Government intends to allocate $7.5 million of IPF resources to cover key technical cooperation programming and coordination elements of the $52.5 million estimated requirements listed in MSNA.

(ii) Development of small- and medium-sized enterprises and informal sector support

35. The Government recognizes the critical role of small- and medium-size enterprises (SME) in promoting development of national entrepreneurship, technology adaptation, local raw material utilization, inter-industry specialization and linkage, employment generation, and in promoting greater participation of women in industrial activities. The informal sector, which offers considerable economic and social opportunities, will be supported for its integration into the mainstream formal economy. Apart from factors relating to the overall administrative and physical infrastructure, major inhibiting factors for the development of SME and the informal sector include shortage of resources, lack of technical and managerial skills, low level of

technology development and limited access to formal credit. The Government has addressed these constraints through the introduction of macroeconomic policy measures and special incentive schemes. The latter include: tax holidays/incentives and accelerated depreciation allowances for SMEs that utilize local raw materials; labour-intensive methods of production; produce for export; investment in research and development; and reduced levels of company taxes for SMEs in the agricultural, mining and manufacturing sectors. Tariffs and duty payments for SMEs are also being rationalized; other fiscal incentives such as the export development fund, export credit guarantee and the duty draw-back schemes are already being implemented. The enterprise promotion decree has also been modified to enable foreign entrepreneurs to invest in SMEs. Several government and private sector support institutions and facilities have been established and some have received UNDP support (e.g. Industrial Development Centres (IDCs), the Raw Material Research and Development Centre (RMRDC), the National Metallurgical Development Centre (NMDC), NACCIMA) through UNISTAR. Also funding facilities have been established such as the Nigerian Fund for Economic Recovery (NERFUND), the People's Bank and community banks.

36. In order to make the policy framework and regulatory measures for SMEs more effective, the Government will seek UNDP cooperation to sharpen the focus of relevant strategies and to develop regulatory frameworks for institutional support e.g., in industry and infrastructure. This will strengthen the capacities of Industrial Development Centres (IDCs) and industrial layouts in providing effective extension services to SME and micro-enterprises at the local government areas and grass-roots levels. Continuation of present UNDP-supported programmes for entrepreneurship development (e.g. EMPRETEC, a programme of the United Nations Centre on Transnational Corporations (UNCTC) for small- and medium-scale enterprises through treaties with transnational corporations) and new initiatives such as the preparation of a Nigeria Project Development Facility will facilitate greater flow of investment into SME. This will be achieved by assisting indigenous entrepreneurs to develop their business plans, prepare bankable projects for enhanced utilization of available credit lines for SME, and promote their business links with foreign investors (including a follow-up investment forum).

37. To meet the $72.9 million MSNA estimate for technical cooperation support to SME, the Government wishes to utilize $17 million of IPF resources for programme development and catalytic implementation support, in addition to $4.3 million in ongoing commitments against the next cycle. UNDP cooperation is also required for obtaining supplementary advisory and funding modalities, including UNFSTD, UNISTAR, TCDC, TOKTEN as well as those provided by specialized agencies of the United Nations system.

(c) Human and participatory development

38. The emerging consensus on national development favours human and participatory development aimed at raising living standards through improved opportunities and means for advancement. UNDP cooperation is requested for human resources development and special programmes are to be undertaken by the

Government and NGOs to promote equity and to enable disadvantaged segments of society to contribute to and benefit from the socio-economic process.

(i) Rural development support programme

39. More than 70 per cent of the population derives its livelihood from agriculture which provides the bulk of Nigeria's food supply, raw materials and non-oil exports. Government policy support in respect of agriculture and rural development emphasizes food security, remunerative and competitive output prices for farmers, realistic exchange rates, trade liberalization, improved and timely supply of inputs, development of farmers' cooperatives, improvement of the rural infrastructure and greater involvement of the private sector and small-scale farmers who will assume a predominant role in the country's agricultural recovery and rural development programmes. The thrust of the overall programme is on improving agricultural support systems serving the grass-roots farmers through supply of inputs; extension services; appropriate storage and processing facilities; access to improved technology; such infrastructural facilities as roads, water, sanitation, etc.; such basic services as education, health and nutrition; and the promotion of off-farm income and employment opportunities. The programmes being undertaken through national institutions include the Directorate of Foods, Roads and Rural Infrastructure (DFRRI) and the Agricultural Development Programmes (ADP) under the Ministry of Agriculture. Of special note also is the Better Life for Rural Women Programme coordinated by the National Commission for Women. Initiatives are under way aimed at establishing a unified extension services system. Major donors such as the World Bank and the International Fund for Agricultural Development (IFAD) support ongoing programmes which also include fisheries, livestock erosion control and afforestation. Technical cooperation is being provided by UNDP and FAO for agro-extension, including Women in Agriculture (WIA), fisheries, technology development and establishment of an agricultural data bank, and by UNIDO for salt production. NGOs are active in improving access to basic needs and enabling income-generating activities for selected target groups, particularly the rural poor and women.

40. The Government requests UNDP cooperation to enhance the responsiveness of rural development programmes to grass-roots and WIA requirements and for initiatives aimed at ensuring the provision of basic needs and food security. This requires further strengthening of the planning and management skills of government agencies, especially the capacity of states and local government areas to plan and mobilize NGOs and community groups' participation in project identification and preparation. Through support to technical cooperation programme development and selective implementation support aimed at capacity building, human resource development and technology transfer, UNDP cooperation will enhance implementation of the national programme for food security including crop monitoring and early warning systems and the development of improved food storage techniques. The cooperation of UNDP and the United Nations development system will also strengthen the technical and management capacity for production and supply of improved agricultural inputs; operationalization of the unified approach to extension services, including greater participation of female extension workers; income-generating

programmes for women; special subsector agricultural programmes; and promotion of rural off-farm income and employment-generating activities. The provision of such basic social services as education, health and nutrition support, critical to the overall success of the rural development programme, is addressed in the programme for basic health and education services. Essential to increasing the effectiveness and outreach of agricultural and rural support services, including those programmes receiving capital assistance, is support to linking both preparatory phases and actual execution of programmes. Contributions by the Africa 2000 and the United Nations Volunteers' Domestic Development Services (UNV/DDS) programmes will be explored to facilitate grass-roots participation. This approach will incorporate ongoing and planned UNDP cooperation for agro-extension, particularly WID related support activities, labour-based rural technology development and the provision of credit.

41. In view of the priority nature of this programme area, the Government intends to allocate $16.5 million of IPF resources in addition to current project commitments of 700,000 against the next cycle, for supplementing the capital assistance programmes of IFAD and the World Bank and for catalytic support in mobilizing the $139.4 million overall technical cooperation requirements as identified in the MSNA report.

(ii) WID support programme

42. Women perform a strategic role in Nigeria's socio-economic life. Apart from taking care of most of the domestic household economy, they also account for 80 per cent of food production and 70 per cent of SME activities. At the same time, they have disproportionately low access to basic services and support facilities. The Government has established WID units in several ministries (Agriculture, Health and Education), launched the Better Life for Rural Women Programme in 1987 and created a National Commission for Women in 1989. It is being recognized that promotion of WID requires a multi-faceted approach, which is hampered by lack of gender-specific data, socio-cultural restraints in outreach, and lack of a policy framework for an integrated and coordinated programme approach. Many support activities, including donor assistance, therefore remain of an ad hoc nature.

43. UNDP is requested to integrate WID considerations into all its support programmes and to assist in strengthening the policy framework and supporting planning and information systems to improve the effectiveness and outreach of WID activities through various channels, including ADPs, NGOs and such programmes as currently exemplified by the "Better Life for Rural Women". Specific components include WIA and development of gender-specific technologies, as well as maternal and child health/public health care (MCH)/(PHC), AIDS prevention, water and sanitation, nutrition and basic education. UNDP is furthermore requested to facilitate the utilization of special modalities and backstopping services by UNIFEM, UNDP and such United Nations agencies as the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), WHO as well as the World Bank. Implementation support should aim at a selective number of women's commissions

in disadvantaged states and support for extending WID programmes to urban centres. In addition, direct assistance will be provided to women's groups at the grass-roots level, through special women's centres which exist at the local government areas level and through mobilization of NGOs and community groups for undertaking income-generating activities and improving basic health and education services.

44. UNDP is requested to allocate a $13.5 million IPF contribution to the WID support programme, in addition to $200,000 of ongoing commitments, for key components of the $122.8 million estimate contained in the MSNA report.

(iii) Basic health and education services support

45. To alleviate the social effects of SAP, and in conformity with global objectives for health and education, the Government has revised national social policies. Special attention is given to the most disadvantaged, especially women and children and rural communities. The new national health policy places major emphasis on PHC and its grass-roots orientation, operating through a system of community and village health workers, and district and local government health committees. The new education policy places major emphasis on vocational, technical and science education, and comprises several special programmes including non-formal and adult education, in particular the Women in Education Programme and the Mass Literacy Programme. Implementation of the social policies and programmes is part of the three-tier system of government, whereby local government areas are responsible for primary levels; states for secondary levels and backstopping of local government areas; and the federal Government for policy and the tertiary level of education and health.

46. Donor support in the health sector is being provided by WHO (health policy, PHC, expanded programme on immunization (EPI), and AIDS/HIV control and prevention), the United States Agency for International Development (USAID) (health and population), UNICEF (strengthening the PHC system in selected local government areas, MCH/oral rehydration therapy (ORT)/EPI and food security), UNFPA (MCH family planning (FP), and AIDS awareness within PHC), EEC (rural hospitals, promotion of FP services and women's health), the World Bank (health services, basic drugs, population), Japan (guinea worm eradication), the United Kingdom (basic drugs, and overseas training) and several NGOs, such as the Ford Foundation and Rotary International. In the education sector, assistance is provided by the World Bank, the EEC, the United Kingdom and UNFPA (women's non-formal education). UNDP cooperation is requested to supplement other donor assistance in selected areas that are critical to professional, technical, administrative and management capacity-building at the state and local levels.

47. Regarding PHC, UNDP is requested to facilitate a special scheme for National Youth Service Corps (NYSC) doctors at the district level, development and training in respect of management and monitoring systems for PHC implementation and basic drugs provision, disease surveillance and emergency preparedness, and AIDS prevention. In the education sector, UNDP is requested

to continue its support for non-formal education, specifically for the implementation of the Mass Literacy Programme, training of trainers in respect of technical education (particularly through TCDC) and strengthening of the capacity of local governments in respect of nomadic education. These programme components have been derived by reviewing Joint Consultative Group on Policy (JCGP) programmes and will be further elaborated jointly with these partners, as well as with WHO, World Bank and other donors.

48. In view of the technical cooperation requirement of $175.8 million for education and health as proposed by MSNA, the Government intends to utilize a $13.5 million IPF allocation, in addition to $300,000 in ongoing commitments, for key components in these areas and as seed money for mobilizing additional resources.

C. Assistance outside the main country programme areas

49. Current commitments against the 1992-1996 IPF cycle amount to $12.6 million, covering 37 projects, with carry-over estimated at $4 million. Projects not related to the country programme concentration areas ($8.2 million) will be completed as planned. Where possible, ongoing projects related to the concentration areas ($8.4 million) will be integrated as part of the various technical cooperation programmes.

D. Management arrangements

50. The Government is committed to national execution as the prime implementation modality for external cooperation, in full conformity with Governing Council decision 90/21. It is recognized, however, that capacity building support is required at all levels and by all implementing and beneficiary parties, including state and local authorities, private sector and grass-roots participants. UNDP support, therefore, is requested as part of the baseline programming studies designed to facilitate the operationalization of national execution in Nigeria.

51. The Government intends to establish for each of the UNDP concentration areas special committees for policy guidance and supervision of programme managers who will be assigned to each of the programme components. These Management and Coordination Committees (MCC) will be responsible to and coordinated by the Federal Ministry of Finance. The MCC will be constituted by the cooperating national implementation and beneficiary parties, and may include donors active in the same programme area. If so required, cooperating arrangements will be sought with national or international agencies, including specialized agencies of the United Nations system and the UNDP Office for Project Services (OPS) to support either the management or technical operations of any of the MCC. Horizontal linkages between relevant MCC will be encouraged for consultation on operational and technical matters and for sharing experiences. Backstopping, monitoring and substantive and financial reporting will be the responsibility of programme managers supervised by the MCC.

52. By streamlining programme supervision and management in this way, the effectiveness of UNDP cooperation will be enhanced. It will, furthermore, expand the outreach of UNDP cooperation through more direct collaboration with national and donor agencies operating in the same or related programme areas. The programme implementation responsibilities and arrangements are contingent on the evolving political transformation process and administrative reforms, the progress in preparing the perspective plan, and the expected increase in donor resources. The management arrangements will, therefore, be further elaborated as part of the baseline programming studies to be undertaken for each of the concentration areas. This will include specification of administrative support systems and procedures, and accounting and audit requirements. As part of this process, the role and perspective of the Programme Management Support Unit will be reviewed, including the possibility of assigning it additional administrative and logistical support functions, thereby possibly transforming it into a national office for programme and management services.

53. Since the process towards full national execution entails learning by doing, continued UNDP support is being requested to assist the Government in appraising progress and constraints through programme review meetings, both formal and informal, so that the Government, UNDP and other United Nations agencies can all fully benefit from the experience gained.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Carry-over from fourth cycle IPF	4 000	
Fifth-cycle IPF	119 993	
Subtotal IPF		123 993
Project cost-sharing (Government)	1 800	
Project cost-sharing (third party)	-	
Programme cost-sharing	-	
Subtotal cost-sharing		1 800
TOTAL		125 993

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	Thousands of dollars			Percentage of total resources
	IPF	Cost-sharing	Total	
Economic management	27 300	1 800	29 100	23.1
Private sector	28 800	-	28 800	22.9
Human development	44 700	-	44 700	35.6
Unrelated projects	8 200	-	8 200	6.5
Subtotal	109 000	1 800	110 800	88.1
Unprogrammed reserve	14 993	-	14 993	11.9
TOTAL	123 993	1 800	125 793	100.0

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION*

(Thousands of dollars)

A. UNDP-administered funds		
SPR	2 400	
UNCDF	-	
UNSO	-	
UNIFEM	-	
UNRFNRE	-	
UNFSTD	-	
Subtotal		2 400
B. Other United Nations resources		
JCGP participating agencies:		
UNFPA	-	
UNICEF	-	
WFP	-	
IFAD	-	
Other United Nations agencies (non-UNDP financed)	-	
Global Environment Facility	-	
Subtotal		-
Total non-core and other United Nations resources		-
C. Non-United Nations resources		-
TOTAL		2 400

* To be determined during actual programming phase.

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus*					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. SOCIO-ECONOMIC MANAGEMENT AND SUSTAINABLE DEVELOPMENT						
Socio-economic policy	*	*	*			*
Technical cooperation management			*	*		
Environment management	*	*	*	*	*	*
II. PRIVATE SECTOR SUPPORT						
Trade, investment and tourism promotion		*	*		*	*
SME development	*	*	*	*	*	*
III. HUMAN AND PARTICIPATORY DEVELOPMENT						
Rural development	*	*	*	*	*	*
WID	*	*	*	*	*	*
Health and education	*	*	*	*	*	*

* Asterisks indicate major linkage only.